

MEMORANDUM

Subject: World Service Center Configuration

Date: January 19, 2011

To: All World Service and Service Center Employees

From: Jim Bush

Earlier today, we announced plans to consolidate several locations within the World Service network. We expect that the moves will be substantially completed by December 31, 2011 and we have already begun to reach out to those employees who likely will be directly impacted. This includes both World Service employees and those employees in other business units who are co-located in our service centers -- particularly our colleagues in Global Credit Administration who have a significant presence in the centers and whose work is so closely related to World Service.

I wanted to discuss the context for this difficult and painful decision, how it fits into our overall priorities and how we will reinvest some of the expected savings so that American Express remains a service leader.

Leveraging our Global Network to Drive Growth, Drive Efficiency and Deliver Superior Service

American Express is focused on driving growth, driving efficiency, and delivering superior service. And, as you know, World Service plays an important role in each of these priorities. In fact our mission has been to deliver extraordinary customer care at the right margins and we've made very strong progress.

We started better leveraging our network by combining our U.S. and International Card customer service organizations into one global team – World Service. This helped us to share best practices more effectively, eliminate duplicate management roles and reduce overall operating costs. These savings have enabled us to reinvest to reinforce our global service leadership position.

All of these efforts come against the backdrop of an evolving business model and changing customer behaviors, which have impacted service volumes. As many customers choose online and mobile channels for routine matters such as checking balances and paying bills, and as credit and collections volumes have declined from their peak, our service volumes have declined. We have managed to keep staffing levels in line with the lower volumes by not back-filling positions as they become open. But, as a result, we now have substantially fewer people in some real estate facilities than we did even a few years ago.

Without some very difficult decisions on our part, the fixed costs of real estate facilities that do not operate at full capacity will inevitably limit our ability to invest in the next generation of

digital infrastructure, develop new tools for our Customer Care Professionals and support our company's growth objectives.

In all, the plans we are announcing today are not about job reductions, but about consolidation, and reducing our unoccupied real estate. The total number of colleagues affected by these moves is significant in impacted locations, yet we expect the overall net reduction of World Service and related jobs will be several hundred. That said, a decision that eliminates even a single job is a difficult one and we are working carefully to provide transitional support to colleagues who are directly affected.

There are a number of pieces to our plan and I wanted to provide more details on where they will take place and why. It is also important to note that, as we announced in a press release, these plans will require a restructuring charge and we expect will translate into significant operating savings for years to come.

Americas

The shift to online and mobile channels has been fastest among customers in the U.S. where we now handle far more transactions digitally than we do by phone. As staffing requirements have dropped, vacancy rates at our U.S. locations have increased and we now have a vacancy level of nearly one-third in our U.S. locations. With more and more customers using mobile devices, we expect this trend to continue.

Of our four U.S. service center facilities, Phoenix and Ft. Lauderdale have the broadest range of business operations and we have a bank presence in Salt Lake City. We believe those three centers are best-equipped to handle an expanded range of work from both a World Service and Global Credit Administration perspective.

At the same time, we will close our facility in Greensboro where we currently have a narrower range of operations. We expect some portion of the volume will continue to be handled by employees in North Carolina working from home and connected to our network by secure online technology.

Europe

In Europe we have two primary hubs – one in Brighton and the other in Madrid – which perform similar functions. We have entered into information sharing and consultation with appropriate stakeholders at the local and European level about the potential consolidation of these hubs into one. Our aim is to avoid duplication and develop synergies through the consolidation of these hubs into one. Specifically, we would contemplate scaling back the smaller location, Madrid, and expanding in Brighton, where we are well on our way to completing construction of a new state-of-the-art facility.

As part of our consultation, we will analyze whether service and credit work currently done in Madrid would potentially shift to Brighton or our other Spanish-language hub in Buenos Aires.

JAPA

Additionally, we will be undertaking a feasibility study regarding the viability of moving the majority of employees serving Japanese customers from our service center facility in Sydney to Japan. This proposed migration would solve the ongoing hiring challenges we face with the limited pool of qualified Japanese-speaking employees in Sydney.

Our People

These initiatives are not easy. In fact they are incredibly painful, and I realize they will cause difficulty for many of our colleagues.

Each of the locations impacted has been consistently high performing. We intend to provide relocation assistance to impacted employees who accept a World Service or Global Credit Administration position at another American Express location within the region. For instance, Greensboro employees would be eligible for relocation for World Service/Global Credit Administration positions at the other U.S. service centers. When relocation isn't possible, employees will be eligible for a comprehensive, competitive severance package, re-training as appropriate, and outplacement support based on local policies and guidelines, designed to help employees find other suitable jobs.

We expect the transition to occur in phases and be substantially completed by the end of 2011, to both help our employees through this time and ensure uninterrupted service to our customers.

Remaining a Service Leader

Customers have changed the way they want to work with us and all indications suggest that the move to online and mobile alternatives will only continue. At the same time, the mix of work performed by our Customer Care Professionals will continue to change as they focus on the more complex transactions and needs of our customers.

We will continue to adjust to a rapidly changing environment and the need it has created for new technologies that give our front-line colleagues the tools to serve customers where, when and how they want. Investing in those capabilities is very expensive and the only way we can ensure that we have the systems and infrastructure we need is to make sure that we operate our network as efficiently as possible.

While many day-to-day transactions can be handled quickly and effectively online, we shouldn't lose sight of the fact that our customers rely on us for service that goes above and beyond the call. They value the skills, dedication, and experience of our people and rely on them to solve problems, resolve disputes and provide valuable assistance. This is also true in Global Credit Administration, where the high-touch approach of our people is so critical to the ongoing success of our credit and collection functions.

Our focus is on continuing to support the company's objective of driving growth, driving efficiency, and above all, providing superior service to our customers. This is what Relationship

Caresm is all about. We have built a very strong foundation. By continuing to capitalize on our global network and enhanced digital servicing capabilities, we will continue to increase our contributions in each of these areas, and most important, best serve our customers – wherever and whenever they need us.

While our organization will continue to evolve as it meets the changing needs of our business, the changes we are announcing today will give us a core of major service centers that will handle our servicing needs for years to come.

If you have any questions please don't hesitate to contact me, members of the World Service leadership team, or your own leadership. I know I can count on all of you to support our colleagues through this transition, and, as always, continue to provide our customers with service that is second to none.